



موسسه عالی آموزش و پژوهش مدیریت و برنامه ریزی

## Economics, Culture, and The Rise of Right-wing Populism

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### Abstract:

This paper theoretically studies how right-wing populist policies gain popular support by introducing protectionist policies as the secondary policy dimension through which economic and cultural developments induced by globalization intertwine. Specifically, we define right-wing populism as policy platform consisting of low redistribution and extreme protectionist policies. Moreover, we assume that protectionist policies affect the society in two different ways: first, as economic policies, they generate beneficiaries/losers while at the same time they decrease aggregate welfare; second, as cultural policies, they confront progressive values by their divisive nativism which undermines the tolerance and solidarity in the society. In this framework, when cultural cleavage is small, the political competition will take place along the redistribution dimension and as the result, the political outcome of a citizen-candidate setup will be the policy platform preferred by the middle class which includes moderate redistribution and commitment to globalization (established equilibrium). On the other hand, when cultural cleavage is large and moreover, workers wage gap is wide, extreme policy platform of right-wing populists will arise in equilibrium as the majoritarian outcome (xenophobic equilibrium): The xenophobic poor, though opposing small state, support right-wing populism due to its extreme anti-globalization dimension and the middle-class, though opposing anti-globalization policies both economically and culturally, prefer the rightwing populist policies to the preferred policies of the poor since they strongly oppose welfare state. The comparative statistics shows that larger cultural cleavage increases the probability of xenophobic equilibrium. The inequality gap, on the other hand, has two opposite effects: while wider wage gap increases the probability of xenophobic equilibrium, wider income gap decreases its likelihood. Finally, the theory proposed sheds light on how financial globalization affects support for right-wing populist policies and on how xenophobia undermines the demand for redistribution.